

6.0 Consumer Protection Policies and Procedures

Introduction

Developing and maintaining effective consumer protection policies is critical for all consumers in our state. State and federal governments began regulating private electric utilities in large part to protect consumers from monopoly abuse. Today, those regulators set standards for all investor-owned utilities regarding such issues as billing, disconnect and credit policies. However, even in today's environment where electricity service is regulated at the state or local level, consumer groups remain concerned about monopoly abuse. These concerns include utility policies that might restrict or terminate services to some customers, or that offer services and recover costs inequitably among their customers. Currently, the Washington Utilities and Transportation Commission (UTC) establishes consumer protection policies and standards to which Washington's investor-owned utilities must adhere. Local officials or cooperative boards determine their own standards for protecting consumers of public or cooperative utilities.

Any changes that address consumer protection within the electric industry, whether as a by-product of possible competition or for other reasons, should encompass what we've learned from the telecommunications industry. The telecommunications industry today is a mixed-competitive industry. Most consumers have a broad choice of long distance providers, but many still have monopoly local providers. The UTC's experience indicates that, as more providers enter the market and as customers are faced with an increasing number of choices, they become more confused, particularly around billing issues. This confusion, coupled with unscrupulous practices by a minority of providers, results in escalating complaint levels. In 1998, UTC will receive about 560 billing complaints from customers of long distance providers. This is 3.5 times higher than the number received in 1991, and twice the number received in 1994. Even at the local level, where most consumers do not have a choice of providers, we have seen increased billing disputes as the industry changes. Local providers bill for other providers, giving many companies a vehicle for adding charges to consumers' bills; consumers have an increasing number of choices regarding optional local services, such as Caller ID and Call Waiting; and many local companies are positioning themselves for competition. These factors have combined to add confusion and questionable practices at the local service level. In 1997, consumers filed twice the number of billing complaints for local service providers with the UTC. In 1998, this number will be about 1.5 times the 1997 level.

Consumer protection is a central theme of ESSB 6560, An Act Relating to Retail Electrical Consumers. The bill took the first step towards highlighting the need for consumer protection in an evolving industry. It required all but small or low-density utilities in the state to disclose their consumer protection policies and standards to their consumers and also to the state for analysis in this report.

There are a number of important issues that assert consumer protection is vital whether or not retail electricity service is restructured.

- ❖ Electricity is an essential service. In today's world, customers regularly depend on electricity in order to sustain their livelihoods and, indeed, their lives.
- ❖ Electricity cannot be purchased from a supermarket. The industry has heard repeatedly that competition will allow customers to shop for electricity, much like customers now shop for bread. That is simply not the case - - nothing could be less like bread than electricity. Electricity is a complex, expensive commodity. It will not be available at the local corner store. Customers who run out of electricity at 9:00 at night will not be able to run down the street and buy enough to last until morning.
- ❖ Residential consumers as a whole are not ready for significant changes in the electricity market. Consumers generally are not well-versed in electric utilities' operations and practices. They do not understand how to make informed choices and, in many cases, do not want to become informed. This is a group that needs effective protection, at least until there truly is a well-functioning competitive market.
- ❖ Finally, this is a highly technical, complex field. The government regulates a number of areas where a high level of technical complexity exists, and where there is a potential for a large number of customers to be harmed without regulation.

Purpose and Scope

Consumer protection policies and procedures of electric utilities are mandated to be jointly studied by the Utilities and Transportation Commission (UTC) and the Department of Community, Trade and Economic Development (CTED) by ESSB 6560. The legislation further directs the two agencies to report on policy and procedural consistencies and inconsistencies among utilities.

In collecting information for the report, the agencies focused on general categories of consumer protections:

- ❖ How utilities allow customers to establish credit and requirements for deposits.
- ❖ How utilities inform customers about initial and subsequent terms, rates and charges.
- ❖ Utilities' policies and procedures for metering, estimated billings and adjustments.
- ❖ Information about bill payment due dates, late fees, budget payment plans, payment arrangements and financial assistance plans.
- ❖ How utilities notify customers of disconnection of service, and how a customer can be reconnected.
- ❖ Confidentiality issues, such as what information about a customer's account can be disclosed and how a customer can control access to information.

- ❖ How a customer can file a complaint about electric service.
- ❖ Whether retail contracts contain consumer protection provisions.
- ❖ Whether utilities ask customers what type of protections they believe they need.

Methodology

In order to gather information, UTC and CTED jointly prepared a survey for participating electric utilities. Eighteen utilities returned the survey, although not all utilities were able to provide information in all areas. The survey asked for various materials that utilities provide to their customers; and asked a number of specific questions about their consumer protection policies and procedures.

UTC and CTED also researched consumer protection policies and procedures throughout the United States to make comparisons about Washington state practices with other jurisdictions, and to determine if current practices met the standards supported by electric consumer protection experts. That research included several national organizations specializing in utility issues and/or utility consumer advocacy, agencies from other states that draft consumer protection rules for utility companies, and the Federal Trade Commission (FTC).

Credit and Deposit Requirements

The survey asked questions about how customers establish electric service and what requirements utilities had to reduce their own financial risk in supplying customers with service. The following table illustrates the differing approaches to credit and deposit policies and procedures:

Table 6.1 Credit and Deposit Requirements

Investor-Owned Utilities (3 utilities reporting):

Issue	Yes	No	Not Available
Does the utility provide customers information about rates and charges upon request?	3		
Does the utility provide customers information about rates and charges proactively, without specific requests?	1		2
Does the utility provide customers information about rate changes?	3		
Does the utility provide customers information about their ability to participate in rate hearings?	3		

Public Utilities (15 utilities reporting):

Issue	Yes	No	Not Available
Does the utility provide customers information about rates and charges upon request?	15		
Does the utility provide customers information about rates and charges proactively, without specific requests?	4	9	2
Does the utility provide customers information about rate changes?	4		11
Does the utility provide customers information about their ability to participate in rate hearings?	3		12

Several utilities reported charging customers for establishing service. Charges averaged around ten dollars. One smaller utility charges \$100 to customers who submit an application for service.

Of the 14 utilities who reported on deposits, 13 have the option of requiring deposits either upon application of service or at a subsequent point when the customer proves to be a credit risk.

Half the utilities that require deposits state that at the time of establishing an account, the customer's credit history is reviewed to determine if a deposit is needed. Utilities normally look at any previous service history the applicant had with the utility or a similar utility. For example, a utility may look at the number of disconnect notices and disconnections a customer had; whether the applicant is a homeowner; or whether the applicant has two major credit cards with a good payment history. Three of the smaller utilities only require deposits with customers who have started a pattern of not paying their bills. Only one utility does not require a deposit at all.

Most of the utilities offered alternatives or waivers of the deposit in certain cases. Many utilities allowed the applicant to submit a guarantor or co-signer on the account as a second party to pay unpaid balances. A couple smaller utilities waived the deposit requirement for customers who agree to have payments automatically deducted from their bank accounts.

For utilities requiring deposits, half require an estimated average of two months' billing. Three smaller utilities set deposit amounts ranging from \$100 to \$200. Most utilities allowed the customer to pay the deposit in installments, ranging from half the amount paid in the first month and two payments thereafter, to allowing the customer to propose the payment arrangement. Only a couple utilities required full payment at the time the deposit was requested.

Eight utilities reported they compensate customers by paying interest on the deposit. Normally the interest rate calculation is 5 to 6 percent, or, for companies regulated by the UTC, a calculated average of the current year's Treasury bills. The deposit with applicable interest is either refunded to the customer after a period of time of satisfactory credit record, usually one year, or is applied to the customer's account when the account is closed or becomes past due.

UTC addresses establishment of credit and deposit issues in WAC 480-100-046, WAC 480-100-051, WAC 480-100-056, and WAC 480-100-116 for investor-owned utilities.

In addressing general credit and deposit issues, the Federal Trade Commission (FTC) stated that policies should be "appropriate." The National Association of Regulatory Utility Commissioners (NARUC) stated they should be "fair and nondiscriminatory." Rules adopted by Ohio generally mirror the policies and procedures currently used by most companies.

Customer Information

The survey questioned how customers were informed about billing issues and rate information. The table below displays the number of companies who provide various information to their customers:

Table 6.2 Customer Information

Investor-Owned Utilities (3 utilities reporting):

Issue	Yes	No	Not Available
Does the utility provide customers information about rates and charges upon request?	3		
Does the utility provide customers information about rates and charges proactively, without specific requests?	1		2
Does the utility provide customers information about rate changes?	3		
Does the utility provide customers information about their ability to participate in rate hearings?	3		

Public Utilities (15 utilities reporting):

Issue	Yes	No	Not Available
Does the utility provide customers information about rates and charges upon request?	15		
Does the utility provide customers information about rates and charges proactively, without specific requests?	4	9	2
Does the utility provide customers information about rate changes?	4		11
Does the utility provide customers information about their ability to participate in rate hearings?	3		12

Only half of the utilities stated they provide customers with some information on billing or rates such as proposed rate increases. A few utilities provided billing information at the time of application and provided periodic mailings of newsletters or bill inserts to keep customers informed of various issues.

Most utilities stated they only provide this information upon written or verbal request from customers. Only a couple of the smaller utilities and all the larger utilities provided notice to their customers of proposed rate changes and how customers could become involved in the rate-making process.

WAC 480-100-101 sets the requirements for investor-owned utilities regarding what information must be provided on customer bills; and WAC 480-100-041 sets requirements for these utilities regarding information that must be provided to consumers.

A report by the National Consumer Law Center proposes that customers be provided with rate information in simple, uniform language. NARUC advises that companies should provide sufficient and reliable information regarding billing, rates, metering and other issues so consumers can make informed choices. The Regulatory Assistance Project (RAP) suggests customers be provided with a “terms of service” brochure, using simple, understandable language, within three days of

service application. In addition, RAP suggests monthly bills explain the total price, rate design and price per kilowatt hour for electric usage. The FTC cautioned that costs of disclosing information should be weighed against the effect of rate increases.

Wisconsin proposed rules requiring that rate schedules be included annually in customers' bills or when rate changes become effective. Ohio's rules require utilities to provide new customers with a "rights and obligations" summary which would also be provided to any customer upon request. Rates and tariffs are to be available upon request at the company's office. Maine also requires that terms of service be disclosed at the time of initial application.

Metering, Estimated Billings and Adjustments

There is a great deal of variation in both fees utilities charge to customers who request meter testing and bill adjustments that utilities provide to those customers. There is little variation among utilities regarding metering and billing policies, their ability to estimate bills or the reasons for estimating bills.

The following table illustrates metering issues:

Table 6.3 Metering, Estimated Billings and Adjustments

Investor-Owned Utilities (3 utilities reporting):

Issue	Yes	No	Not Available
Does the utility bill on a regular (either monthly or bi-monthly) basis?	3		
Does the utility bill estimated amounts in lieu of actual meter readings under certain conditions?	3		

Public Utilities (15 utilities reporting):

Issue	Yes	No	Not Available
Does the utility bill on a regular (either monthly or bi-monthly) basis?	14		1
Does the utility bill estimated amounts in lieu of actual meter readings under certain conditions?	13		2

Metering and billing practices are very similar across the utilities surveyed. The majority of utilities read meters and bill customers monthly. Nearly all commercial and industrial customers are on a monthly basis as are a little more than half of the residential customers. Otherwise, these customer classes receive bi-monthly meter reading and billing. Four utilities indicated separate seasonal meter reading and billing schedules for irrigation customers.

Two utilities indicated that some customers with fixed electricity consumption may not be metered at all and the utility bills the customer a fixed amount. Additionally, at least one utility may estimate amount of consumption on electrical service provided on a temporary basis under conditions that make metering impractical.

All utilities indicated that they are allowed to estimate the consumer's bill in lieu of an actual meter reading. The most common policy is one that states, "if for any reason the utility cannot read the meter, the utility may estimate the bill." Practically speaking, bill estimation is due to inclement weather, hostile animals, broken meters or general meter inaccessibility. Five utilities estimate bills when customers do not send in their meter-reading card on time, with one utility reporting that 70 percent of its consumers read their own meters monthly.

A range of practices and charges is apparent among the nine utilities disclosing their policies on adjusting bills due to meter errors. Five utilities provide free meter testing at the consumer's request as often as once a year or in response to a high bill complaint or as infrequently as once every ten years. Remaining utilities never offer this free testing service. If consumers request more frequent testing, then consumers pay the cost of the test. All nine utilities will test meters at consumer's request for a price. Two utilities charge \$25 per test and one utility charges \$50 per test. Most utilities require that the meter perform within a 2 percent margin of error. All utilities waive the meter testing charge if the meter fails the test.

Utilities provide a range of bill adjustments upon determination of a meter error. Two utilities adjust the last six months of bills to the current customer. One utility adjusts the last three months of bills, four utilities adjust the last month's bill and one adjusts bills as appropriate..

UTC regulates investor-owned utilities in this area, as described in WAC 480-100-111, 121, 126, 131, 136, 141, 146, 166, 171, 176, 181 and 201. RCW 80.28.170 also addresses meter testing requirements.

Bill Payment

The following table illustrates the policies and procedures which utilities employ in establishing requirements for customer to pay bills.

Table 6.4 Bill Payment

Investor-Owned Utilities (3 utilities reporting):

Issue	Yes	No	Not Available
Does the utility charge customers for late payments?	1	2	
Does the utility provide customers with information about late payment fees on its bills?			3
Can the customer choose a payment date other than that assigned by the utility?	3		
Does the utility offer budget payment, or equalized payment, plans?	3		
Does the utility offer customer extended payment options for past due amounts?	3		
Is home heating assistance available to customers?	2		1
Does the company inform customer about the availability of home heating assistance?	2		1

Public Utilities (15 utilities reporting):

Issue	Yes	No	Not Available
Does the utility charge customers for late payments?	9	4	2
Does the utility provide customers with information about late payment fees on its bills?	6	1	8
Can the customer choose a payment date other than that assigned by the utility?	7	8	
Does the utility offer budget payment, or equalized payment, plans?	15		
Does the utility offer customer extended payment options for past due amounts?	12	3	
Is home heating assistance available to customers?	8	1	6
Does the company inform customer about the availability of home heating assistance?	8	1	6

Among responding utilities, all require customers to pay their bills between 10 and 20 days from either billing or mailing date. Half of these utilities said customers have the option of designating their own payment date different from that normally assigned by the utility. In most cases, these requests are to allow a payment date that corresponds to the customer's income cycle. A couple smaller utilities only allowed the date change if the customer agreed to enter into a budget payment plan or an automatic bank account deduction.

Approximately half the utilities charge a late payment fee on past due accounts. This policy was shared fairly equally by small, medium and large utilities. Fees ranged from \$2.50 for smaller amounts past due, and between 1 percent and 5 percent per month on unpaid balances. Fees are applied once the due date has passed or in some cases, if the bill has not been paid by the next billing cycle. Only half of the utilities explain their late payment fees on billing statements.

Most utilities allowed customers to make payment arrangements on past due balances. Usually this is done on a case-by-case basis, with some utilities placing a limit on the number of months customers can use to pay past due amounts.

All utilities had a budget billing program, where the customer can pay the same amount each month throughout the year. The advantage of this program for customers is that they do not have to find extra money in the winter for high heating bills. Budget billing amounts are generally calculated by estimating the annual usage amount and spreading that amount over the 12-months. Customers are usually notified about the budget billing option when they contact the utility to negotiate payment arrangements on a past due bill. Customers are also informed about budget billing plans through bill inserts, newsletters, information on the bill, new customer packet information, special mailings, and brochures. The number of customers on this plan range from 1 percent to 30 percent of a utilities' residential customers.

In addition, more than half of the utilities offer other heating assistance options to help customers meet electric payments. Options range from governmental programs such as the nationally-funded Low Income Heating Assistance Program (LIHEAP) and community action councils, to a utility's own rate-discount program for senior or disabled customers. Most utility programs are funded through private donations from customers who donate when they pay their bill. Information on these programs is provided to customers in the same way as budget billing programs. The number of customers receiving financial assistance through these programs ranges from 3 percent to approximately 27 percent of total residential customers.

WAC 480-100-072 describes the requirements for investor-owned utilities around issues of payment arrangements. RCW 80.28.010(7) codifies the requirement that investor-owned utilities must offer budget payment plans.

NARUC states that late payment charges should be fair and nondiscriminatory. RAP added that late payment charges should be stated on the front of the bill. Wisconsin allows late payment charges within their rules, limiting the amount to 3 percent of the bill with a minimum charge of 50 cents.

Wisconsin also ruled that utilities with more than 40,000 customers should annually and no later than October 15 of each year provide budget billing and heating assistance program information to those who have been disconnected for non-payment.

Disconnection of Service

Two-thirds of the utilities provided information regarding their service disconnection procedures for past due accounts. A summary of that information follows:

Table 6.5 Disconnection of Service

Investor-Owned Utilities (3 utilities reporting):

Issue	Yes	No	Not Available
Does the utility provide customers written mailed notice of pending disconnections?	3		
Does the utility provide customers with a door hanger or other notices on the premises prior to disconnection?	2		1
Does the company have any limits on when it may disconnect (i.e., time of day or seasonal restrictions)?	3		
Is the technician sent out to disconnect the company allowed to collect past due amounts in lieu of disconnection?	3		
Does the utility have different disconnection procedures if the account holder is not the same as the service user?	3		
Does the utility have different disconnection procedures if the account holder claims a medical emergency?	3		
Does the utility have different disconnection procedures if the account holder is a medical facility?	2		1
Can the utility disconnect the customer if a complaint is pending with the utility?		3	
Is there a charge to the customer for sending a technician to the premises to disconnect the customer?	2		1
Does the company charge the customer for reconnecting service?	3		
Must the customer pay all past due amounts before reconnection?		3	
Must a customer pay a deposit before reconnection?	2	1	

Public Utilities (15 utilities reporting):

Issue	Yes	No	Not Available
Does the utility provide customers written mailed notice of pending disconnections?	11		4
Does the utility provide customers with a door hanger or other notices on the premises prior to disconnection?	1	9	5
Does the company have any limits on when it may disconnect (i.e., time of day or seasonal restrictions)?	11	3	1
Is the technician sent out to disconnect the company allowed to collect past due amounts in lieu of disconnection?	8	3	4
Does the utility have different disconnection procedures if the account holder is not the same as the service user?	6	4	5
Does the utility have different disconnection procedures if the account holder claims a medical emergency?	6	5	4
Does the utility have different disconnection procedures if the account holder is a medical facility?	4	3	8
Can the utility disconnect the customer if a complaint is pending with the utility?	4	10	1
Is there a charge to the customer for sending a technician to the premises to disconnect the customer?	6		9
Does the company charge the customer for reconnecting service?	13	1	1
Must the customer pay all past due amounts before reconnection?	11	3	1
Must a customer pay a deposit before reconnection?	4	10	1

All of the utilities reporting stated they provide written notices, with many of them sending additional reminder notices or personally contacting the customer by telephone or site visit. The average elapsed time between notice and actual disconnect is about eight days. One smaller utility allows 25 days.

Most utilities said if the service person was dispatched to disconnect service, they were allowed to accept payment at the customer's site to avoid the disconnect. One utility said its service person was not allowed to accept payment for safety reasons. Medium to large utilities charge the customer for disconnection of service, in addition to any subsequent charges the customer might incur for reconnection. These charges range from \$9 to \$22.

Four of the smaller utilities disconnect the customer's service even though the customer contacted the utility to dispute the bill. Thirteen of the other utilities representing small, medium and large utilities would not disconnect a customer while a dispute was pending. A few of the smaller utilities said that in order to avoid disconnection, the customer could contact them to negotiate payment.

Approximately twenty percent of the utilities - primarily smaller ones - do not have restrictions on what day they disconnect service. Sixty percent do not disconnect service when the customer is not able to make arrangements for reconnection the same or following day. A few utilities said cold temperatures also restricted disconnection of service.

Almost all utilities charge a reconnection fee if they have to dispatch a service person to reconnect service. There is a wide array of charges imposed, and the charges increase if the service person is required to reconnect after normal business hours. One small and one large utility do not charge for the reconnection. All other utilities charge from \$10 to \$50 during normal business hours. The average amount is \$25. For reconnection after normal business hours, the charge fluctuates from \$30 to \$200. Most smaller utilities charge the higher amounts, although one larger utility charges \$125 for reconnecting on weekends and holidays.

Most utilities required the customer to pay the total delinquent amount prior to reconnection of service. The others require the customer only to negotiate payment arrangements and possibly pay a portion of the past due amount at the time of reconnection. Thirty-five percent of the utilities required a deposit on the account prior to reconnection of service. Utilities under UTC regulation may not refuse to reconnect a customer for an amount owed on a prior disconnection, as long as the customer is able to make arrangements to pay the reconnection fee and any deposit the utility may require.

The survey asked how utilities handle situations where the person who used the service was not the same person responsible for payment, for example if a landlord paid for electric service, but defaulted and the tenant's service was in jeopardy. Half of the utilities representing small, medium and large providers notified both the service user and the landlord of a pending disconnect by way of mailed notices or a posted notice on the premises. Other smaller utilities stated they would only notify

the landlord or allow the landlord the right to decide if the tenant should be notified. Another small utility said they would only notify the service user.

The survey also asked how utilities handled disconnections for customers who needed electricity for a medical problem in their household. Most companies reported that the customer must provide a physician's letter certifying that electricity is required in the household due to a medical problem. Smaller companies said they handled these situations on a case-by-case basis. Most were willing to delay disconnection of service in order for the customer to obtain and transmit the physician's letter.

Finally, in terms of disconnecting services to medical facilities, half the utilities either do not have this situation in their area or if they do, they handle it on a case-by-case basis or they contact the Department of Social and Health Services as well as notifying the medical facility directly. Payment arrangements would then be negotiated for continued service.

The legislature has recognized the need for continued electric service during the winter months. For investor-owned utilities, RCW 80.28.010 (and WAC 480-100-072(3)) provide a moratorium on winter electric disconnections for low income customers, provided that they are able to make minimum payment arrangements. RCW 54.16.285 places limits on public utilities ability to terminate utility service for residential heating between mid-November and mid-March. Low income customers have five criteria they must meet to avoid having heating service terminated. In addition, WAC 480-100-071 addresses disconnection procedures and requirements for investor-owned utilities.

Wisconsin has proposed rules requiring written disconnection notices be provided by mail or in person. To avoid disconnection, customers are allowed to make payment arrangements, enter into a deferred payment arrangement, or obtain energy conservation measures. Customers are allowed up to 17 days between the notice and the day of disconnection to make arrangements. If the service is not disconnected at that time, the utility must provide another 24-48 hour notice delivered to the premises. The utility is not allowed to disconnect when utility representatives are not available the same or following day to negotiate terms of payments and to restore service. Utilities are not allowed to disconnect service while investigating a disputed bill. However, utilities can require a deposit before reconnection.

Wisconsin also proposes that disconnection of customers with medical emergencies be delayed 21 days once documentation from a physician has been received to make payment arrangements.

Customer Complaints

The survey asked how utilities handled customer complaints. Their responses are illustrated in the following:

Table 6.6 Customer Complaints

Investor-Owned Utilities (3 utilities reporting):

Issue	Yes	No	Not Available
When the utility receives a complaint, is there a required time frame during which it must respond to the customer?	3		
Must the customer pay disputed amounts while a complaint is actively investigated?		3	
Does the utility have an escalation or appeal process?	3		
Must the customer pay disputed amounts while an appeal is pending?		3	

Public Utilities (15 utilities reporting):

Issue	Yes	No	Not Available
When the utility receives a complaint, is there a required time frame during which it must respond to the customer?	3	9	3
Must the customer pay disputed amounts while a complaint is actively investigated?	1	12	2
Does the utility have an escalation or appeal process?	14	1	
Must the customer pay disputed amounts while an appeal is pending?	1	11	3

For most utilities, there is no policy about how much time may elapse between a customer complaint and the utility's response. Other utilities had time frames as short as one day.

During the complaint review process by the utility, most do not require the customer to pay the disputed amount. If the customer is not satisfied with the review outcome, most utilities do have an escalation process. Generally, the first escalation level is a supervisor or general manager; and the second level is a governing body of some type. Again, during this process, the customer normally is not required to pay the disputed amount until an answer is received. Utilities normally respond either by telephone or in writing to complainants.

UTC establishes complaint procedures for investor-owned utilities in WAC 480-100-096.

Ohio's rules require the utility to respond to customer complaints within three days, either verbally or in writing. In addition, utilities must have an escalation process in place for an additional review of the complaint.

Customer Surveys

The agencies queried the utilities as to whether they have ever done any market research to determine what types of consumer protections their customers might want or need. Generally, no utilities have done this. Many utilities survey their

customers on issues of customer satisfaction and in doing so identify additional services for which their customers may pay. Several public utilities shared this data. These surveys may explore issues that are semi-related to consumer protection such as the market for bill insurance that pays your energy bills for six months in the event of a loss of income. This could be construed as a consumer protection benefit, an added value service, or even a shareholder revenue program. (Forty-four percent of the consumers in one public utility's service territory indicated they were very interested in this type of insurance.)

Investigations have not yet identified any organization or utility in the country that is conducting public research into what types of consumer protection electricity consumers may desire.

Retail Contracts

All responding utilities, who have customers served by contract, provide customers served through retail contract agreements the same consumer protection as they provide the majority of their customers who purchase power through published tariffs.

Conclusion

The comparison of consumer protection policies and procedures among reporting utilities show a disparity among how electric utilities within Washington interact with and provide protections for their customers. Disparities exist for several reasons. It appears the size of the utility, in part, determines policy and procedures. For example, smaller utilities tend to have more informal means of establishing credit, allowing arrangements for past due amounts, and handling customer complaints. It is also clear that UTC regulation affects consumer protection policies and procedures. Investor-owned companies, which are subject to UTC consumer protection mandates, have more uniform policies and procedures. In addition, those protections tend to be more extensive than those of utilities not subject to UTC regulation. (Those who are regulated by local or cooperative entities). Among consumer-owned utilities, many policies and procedures are similar, both for public utility districts and for electric cooperatives.

As Washington state looks at consumer protections in the electric industry, it is important to keep in mind the issues presented in the introduction of this report, which outline why consumer protection in the electric industry is so important. The federal Department of Energy proposed specific protections in its November 1998 report including the following for legislators or other regulators to consider:

Credit standards

Assess if consumers need utilities to have standards or flexibility when determining new applicants' credit worthiness. Credit models could include permitting the customer to provide a letter of credit from a similar utility, a satisfactory credit history report, evidence of consistent employment or the option of providing evidence of ownership of the premises to be served.

Deposit requirements

Determine if deposit requirements need to be established that identify either the circumstances when utilities could require deposits and/or the deposit's magnitude. For example, utilities could require deposits of customers determined to be credit risks, either at time of application or in the future or when the customers have been unable to make regular payments.

Deposits could be based on two months' estimated usage. The utility then has the opportunity to disconnect service if the customer's account has become delinquent. After the customer has provided a satisfactory payment record for one year following a deposit, the deposit plus interest could be refunded to the customer.

Application fees

Determine if a utility can charge a new customer who requests service. New customers are often faced with high fees to start any number of utility services, including requests for deposits and possibly a nominal connection fee. It may be that additional application fees are not reasonable.

Bills

Clarify what information is to be included on a customer's bill. This may include customer name and address, account number, price per kilowatt hour, itemization of taxes and other charges, total amount due, payment due date, a toll-free number for customer complaints or questions and the phone number of the governing body for escalation of complaints.

Energy service provider information

Identify information that energy service providers need to give a customer in a systematic, uniform way. This may include easy-to-understand information, both at the time of initial service and, for existing customers, on a bi-annual basis. Useful information could include actual and estimated meter readings, billing practices and due dates, credit and collection policies, late payment charges, rate and fee information including how customers can provide input on proposed rate changes, availability of heating assistance and conservation programs, safety information, budget payment plans, payment options for delinquent accounts, preferred payment date options, disconnection and reconnection policies, privacy issues and customer complaint processes.

Customer payment due dates

This addresses the amount of time a utility allows customers to pay bills. Regulators may consider allowing customers 20 days from the date the bill is mailed. Additionally, customers might be allowed to establish their own preferred payment date to coincide with their income cycles.

Late payment fees

Determine if utilities will be allowed to assess late payment fees and if so, when and in what amount. Utilities may need the authority and standards for assessing late payment fees. This need may be limited to customers who have not paid their bill prior to the due date, and may be limited to customary late payment penalties, currently 1 to 1.5 percent.

Low-income access to electricity

Consider integrating the commitment to provide electricity service to all consumers with strategies that minimize the cost of power to low-income customers. Protect low-income consumers from unnecessary disconnects and protect the electricity system from additional, unnecessary costs due to disconnects and bill defaults. Provide low-income service guidelines for energy providers. (See section 9 of the 6560 report for description of strategies.)

Disconnection policies

Determine the need for outlining conditions under which a utility may disconnect customers. Regulators may wish to consider disconnect notification standards, such as mailing notices at least 10 days prior to proposed disconnection date; what the notice should include, such as amount past due, due date, disconnection date, how to avoid disconnection and how the customer can inquire about financial assistance for electric service. Additionally, they may wish to consider whether and how utilities would notice customers a second time before the actual disconnection is made; for example, utilities may be required to deliver a final notice at least three days prior to the disconnection date to the customer's premises.

Regulators or legislators may consider restricting disconnects so that the utility is operating the day of and the day following a disconnect. Customers may need to be able to secure reconnection the following day. Consumer advocates would delay disconnects when the customer has an unsettled complaint with the company or governing body; when the customer claims a medical emergency dependent on electric service, in order for the customer to provide a physician's statement; for a medical facility to make arrangement for payment or to transfer patients; when service users are not the account holder so the service user can establish their own account; and for severe adverse weather conditions.

Privacy standards

Determine if customers are entitled to privacy of account and other proprietary information.

Complaint response time

Consider the need for standardized response times that indicate how long a utility has before it must respond to a consumer complaint, such as within three working days. If a customer is not satisfied with the outcome of a complaint, the customer

may need additional avenues to escalate the issue to supervisory staff and, if still not satisfied, to a governing body.

Consumer Protection in a Competitive Retail Market

Additionally, if retail competition is introduced to the Washington state market, there may be a need for consumer protection that does not exist in a monopoly market. For example, rules for a competitive market may need to allocate stranded costs and benefits among customers and shareholders; address responsibility for the ownership and accuracy of meters; ensure that applicable companies are appropriately identified on customer bills; disclose source of generation mix and environmental characteristics of that mix; address basic, core customer service and universal service needs; protect consumers from unfair trade and marketing practices, such as slamming, cramming, fraudulent company names, and phone shark practices; and adopt policies that apply when a customer changes suppliers.

Experience from the phone industry and the complex nature of industry changes indicate a need for a consumer education effort to accompany retail competition in the electricity industry. A public educational effort would alert consumers to their rights and choices, may reduce the costs of making the transition to a new industry model, and may accelerate the transition by small-load customers to a competitive market.

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